GOVERNMENT OF INDIA
PANCHAYATI RAJ
LOK SABHA

UNSTARRED QUESTION NO:3851
ANSWERED ON:23.12.2004
AUDIT OF PANCHAYATS
Barman Shri Ranen

Will the Minister of PANCHAYATI RAJ be pleased to state:

(a) whether the Government is aware that audit of Panchayats accounts were either not conducted or pending in the States of Kerala, Tamil Nadu, Madhya Pradesh and Uttar Pradesh;

(b) if so, the reasons therefor and the progress of audit of Panchayats accounts throughout the country;

(c) the time by when the audit work is likely to be completed in these States;

(d) whether the Government is thinking to hand over audit of Pa to C&AG in consultations with the State Governments as per the recommendation of Eleventh Finance Commission and Task-Force;

(e) if so, the details thereof and the status of entrusting the audit of Panchayat accounts to C&AG; and

(f) the views expressed by different State Governments in this regard particularly by the West Bengal Government?

Answer

MINISTER OF PANCHAYATI RAJ(SHRI MANI SHANKAR AIYAR)

(a) to (e): Panchayati Raj is a State subject. The Ministry of Panchayati Raj is responsible for the work of advocacy for and monitoring of, the implementation of the Constitution (73rd Amendment) Act, 1992 to ensure that the State Panchayati Raj Acts adhere to the provisions of the Act and to endeavour to secure implementation in letter and spirit. As per Article 243J of the Constitution "The Legislature of a State may, by law, make provisions with respect to the maintenance of accounts by the Panchayats and the auditing of such accounts". Therefore, it is for State Governments to identify the agency to get the budget/funds of Panchayats audited. The Guidelines issued by the Ministry of Finance for the utilization of local bodies grants recommended by the Eleventh Finance Commission (2000-01 to 2004-05) provide that the C&AG shall be responsible for exercising control and supervision over the proper maintenance of accounts and their audit for all the three tiers/levels of PRIs and ULBs. State Governments should send a request under section 20(1) of the CAG(DPC) Act, for this purpose. As' per the Guidelines, the format for the preparation of budgets and for keeping accounts for local bodies shall be as prescribed by the C&AG. This subject has been discussed further in the Sixth Round Table of Ministers in charge of Panchayati Raj at Guwahati on 27-28 November 2004. Ministers in charge of Panchayati Raj of the States/UT Administration and their representatives, bearing in mind the spirit of cooperative federalism which must inform the effective implementation of Panchayati Raj, as set outs in Part IX of the Constitution of India and related provisions, agreed to recommend to their respective Governments, for joint acceptance by the Centre and the States, the conclusions reached at the meeting. A copy of the conclusions is enclosed at the Annexe.